

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Reimbursement of expenditure incurred for purchase of expensive power from 2008-09 onwards - Provision of State Government Guarantee for Rs.8,600 Crores - Reg.

G.O.Ms.No. 62, Energy (Power-III) Department

Dated:14-11-2013
Read:-

Office Memorandum No.20/11/2012-APDRP, Ministry of Power,
Govt. of India Dt.05.10.12.

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ORDER:-

Aligning the State Government commitment towards the past short term liabilities of 4 DISCOMs with the Financial Restructuring package of Govt. of India issued vide office memorandum cited above, the State Government hereby agree to assume the liability of Rs.8,600 Crores as on 31.03.2013 by way of guaranteed bonds which will become Government bonds in the next few years as per the fiscal space of the State Government, as envisaged under Financial Restructuring Package 2012.

2. Accordingly, the State Government hereby stands guarantee for repayment of the Principal amount on the due dates of the bonds and the payment of interest thereon with the issue of bonds to expenditure of Rs.8,600 Crores as of 31.03.2013, subject to the following terms and conditions :-

- a) The State Government would initially guarantee bonds of Rs.8,600 Crores to be issued by the distribution company either to banks or to power suppliers whose payments are due from the DISCOMs.
- b) The rate of interest would be as per the formula indicated by the Govt. of India. The final interest rate would depend on the prevalent market rate of interest on the day of issue of bonds.
- c) These bonds initially issued by the DISCOMs and guaranteed by the State Government would be taken over by the Government over a period of 4 years by issue of State Govt. bond directly.
- d) Again at the point of time, when the State Govt. bonds are issued in lieu of the Govt. guaranteed DISCOMs' bonds, the interest rate prevailing at point of takeover would be used. Most likely, this final interest rate is going to be lesser than this initial period interest.
- e) Unconditional and irrevocable Government Guarantee for servicing of the proposed Bonds with budgetary support.
- f) Since, liability pertains to Government of Andhra Pradesh, Guarantee Commission will not be charged.
- g) The Guarantee shall be in force until all the bonds issued pursuant to the above are redeemed.

3. This order issues with the concurrence of Finance Department vide their U.O.No.29157-A/69/A1/DCM.II/2013, Dt.14-11-2013.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

MRUTUNJAY SAHOO
SPECIAL CHIEF SECRETARY TO GOVERNMENT

To

The Chairman & Managing Director, APTRANSCO, Hyderabad,
The Chairman & Managing Director, APCPDCL, Hyderabad.
The Chairman & Managing Director, APEPDCL, Visakhapatnam.

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The Chairman & Managing Director, APNPDCL, Warangal.
The Chairman & Managing Director, APSPDCL, Tirupati.

Copy to:-

Finance (DCM.II) Department.

Finance (PF.I) Department.

The Principal Secretary to Chief Minister.

P.S to Chief Secretary to Government.

P.S to Spl. Chief Secretary to Government, Energy Department.

P.A to Spl. Secretary to Government, Energy Department.

SF/SCs[C.No.4573/Pr.III(2)/2012]

//Forwarded:: By Order//

SECTION OFFICER